

Message Text

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ACTION EB-11

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FM USLO PEKING

TO SECSTATE WASHDC 1645

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L PEKING 616

E.O. 11652: GDS

TAGS: ETRD, ENRG, CH, US, FR

SUBJECT: GEOSPACE CORPORATION REPS IN PEKING FOR NEGOTIATIONS

REF: STATE 205959 (1973)

1. RAYMND COX, VICE PRESIDENT OF GEOSPACE CORPORATION IN HOUSTON IS IN PEKING FOR NEGOTIATIONS WITH TECHIMPORT FOR SPARE PARTS RELATED TO SEISMIC EQUIPMENT FOR ON-SHORE PETROLEUM EXPLORATION WHICH GEOSPACE SOLD THE PRC LAST YEAR FOR US DOLS 5.5 MILLION. DUE UNCLARITIES IN ORIGINAL CONTRACT, DIFFERENCE BETWEEN GEOSPACE AND TECHIMPORT OVER PRICE OF SPARE PARTS NOW UNDER DISCUSSION IS VERY LARGE. GEOSPACE HAS QUOTED US DOLS 800 THOUSAND FOR THESE PARTS BUT THE CHINESE, BASED ON THEIR INTERPRETATION OF THE CONTRACT, BELIEVE THEY SHOULD PAY AS MUCH AS US DOLS 250 THOUSAND LESS. COX AND HIS ASSOCIATE, JOHN ZERBY, NEVERTHELESS ARE CONFIDENT THEY CAN REACH AN AMICABLE COMPROMISE WITH THE CHINESE. THE GEOSPACE REPS EXPECT TO BE IN PEKING UNTIL APRIL 20.

2. DOX BRIEFED USLO OFFICERS ON ALL INFORMATION CONTAINED REFTEL BUT ADDED THAT THE CHINESE HAVE NOW PURCHASED THE FRENCH SEISMIC VESSEL AND THE FRENCH TORAN NAVIGATION SYSTEM MENTIONED IN PARA 3 AND 4 OF REFTEL. COX SAID FRENCH NOW CLEARLY HAVE THE CHINESE MARKET WITH RESPECT TO SEISMIC EQUIPMENT FOR

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OFF-SHORE EXPLORATION. HE ALSO SAID THE CHINESE ARE

SHOPPING FOR LARGE COMPUTERS TO USE IN CONNECTION WITH THEIR
OIL EXPLORATION WORK, AND HAVE HAD TALKS WITH CANADIAN
AND FRENCH AFFILIATES OF THE US CONTROL DATA CORPORATION.

3. REGARDING THE GEOSPACE SALE, COX SAID THE EQUIPMENT
(DECISION ON AN EXPORT LICENSE IS STILL PENDING) WILL BE
AIRFREIGHTED TO PEKING BY CHARTERED AIRCRAFT.
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